

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CEDARWOOD CONDOMINIUM OWNERS
ASSOCIATION, a Washington non-profit
corporation,

Plaintiff,

v.

ALLSTATE INSURANCE COMPANY, a
foreign insurance company,

Defendant.

NO.

COMPLAINT

JURY DEMANDED

Plaintiff Cedarwood Condominium Owners Association, by and through its attorneys,
Ashbaugh Beal, for its Complaint alleges as follows:

I. PARTIES

1. Cedarwood Condominium Owners Association (the “Association”) is a Washington non-profit corporation that was incorporated in the state of Washington and is established as the unit owners’ association for the Cedarwood Condominium, located in Kirkland, Washington.

2. Defendant Allstate Insurance Company (“Allstate”) is a Delaware corporation with its principal place of business in Illinois.

II. JURISDICTION & VENUE

3. Subject matter jurisdiction is proper under 28 U.S.C. § 1332(a)(1) because the Association is a citizen of the state of Washington and Allstate is a citizen of a different state, and the amount in controversy in this lawsuit, exclusive of fees, costs and interest, exceeds \$75,000.

4. Venue is proper in this judicial district under 28 U.S.C. § 1391 because a substantial part of the events or omissions giving rise to the claim occurred here, the real estate which is the subject of this action is located in King County, and Allstate does business in King County.

5. Venue in this Court is proper, and this Court has subject matter and personal jurisdiction over this action and the parties hereto.

III. FACTUAL BACKGROUND

6. The Cedarwood Condominiums are located at 12701 NE 116th Street, Kirkland, Washington 98033 (the “Property”) and were constructed in 1981. The Property consists of 72 residential units in six three-story structures, and includes a clubhouse. The Property’s exterior cladding system is made up of cedar shingle siding panels that sit on top of building components.

7. Defendant Allstate Insurance Company (“Allstate”) issued policies of property insurance to the Association in the state of Washington, including but not limited to 12 property policies issued from July 25, 1984 to July 25, 1997 with policy no. 050981523 (the “Allstate Policies”). Each policy covers all loss or damage to the Property, unless such loss or damage is expressly excluded under the terms of that policy.

8. The Allstate Policies provide coverage for water intrusion damage. Additionally, for at least some of the Allstate Policies, Allstate specifically sold the

1 Association a “Water Damage Endorsement,” which provides coverage for losses caused by
2 or resulting from “rain or snow entering the building through openings in the roof or walls.”

3 9. On or around July 7, 2017, the Association notified Allstate in writing of
4 losses and damage at the Property and made an associated claim for all available coverages
5 under all available policies. Those losses and damage consist of, at least in part, water that
6 was able to enter through voids in the exterior walls and then migrate to the back of the cedar
7 shingles. At that point, the water began to saturate the shingles, which led/will lead to
8 warping, cupping, delamination, and the physical separation of the shingles from the
9 building(s). The Association’s losses and damage at the Property are covered under the
10 Allstate Policies.

11 10. Thereafter, Allstate undertook an investigation into the loss and the
12 Association’s claim. Allstate owed quasi-fiduciary duties to the Association in relation to the
13 investigation and adjustment of the claim, requiring Allstate, among other things, to be fair
14 and reasonable in the investigation of the Association’s claim and to be a neutral arbiter in
15 investigating and resolving issues of coverage.

16 11. On December 19, 2017, Allstate provided the Association with a final written
17 coverage determination, through which it denied outright the Association’s claim for
18 coverage. Allstate’s final coverage determination unreasonably denied coverage and benefits
19 under the Allstate Policies, and in doing so Allstate, among other things, (1) erroneously
20 relied on certain policy exclusions, (2) refused coverage under the Water Damage
21 Endorsements, (3) refused coverage for water intrusion damage, and (4) interpreted the
22 undefined and ambiguous policy term “damage” in its own favor without justification and in
23 violation of Washington law.

1 Allstate is liable for its bad-faith conduct and all damages sustained by the Association as a
2 result thereof.

3 **D. Cause of Action 4: Breach of Consumer Protection Act**

4 18. Allstate's actions and omissions, including but not limited to its denial of
5 coverage and failure to investigate or adjust the loss and associated claim presented by the
6 Association in a fair and reasonable manner and/or as required under WAC 284-30 *et seq.*,
7 constitute per se and non-per se unfair and deceptive acts or practices as defined in
8 Washington's Consumer Protection Act (RCW 19.86 *et seq.*). The Association has been
9 damaged by Allstate's conduct in an amount to be proved at time of trial as a proximate
10 result of such unfair and deceptive acts or practices.

11 **E. Cause of Action 5: Negligence**

12 19. Allstate's actions and omissions during the adjustment of the Association's
13 claim constitute a breach of its duty to use reasonable care in the handling of claims. The
14 Association has been damaged as a proximate result of Allstate's negligence and has incurred
15 damages, including attorneys' fees, as a proximate result of Allstate's negligence.

16 **F. Cause of Action 6: Insurance Fair Conduct Act**

17 20. In relation to Allstate's unreasonable denial of coverage, on January 12, 2018,
18 the Association sent a notice to Allstate by certified mail pursuant to RCW 48.30.015. More
19 than 20 days have passed since that notice was sent, and Allstate has failed to resolve the
20 basis of the claim.

21 21. Given that Allstate unreasonably denied a claim for coverage, the Association
22 has rights to all damages available under RCW 48.30.015.

